SENATE BILL No. 265

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-28-29.

Synopsis: Capital access program. Defines "lender", for purposes of the economic development corporation's capital access program, to be a lender that is approved by the corporation as responsible and able to service a loan properly. Provides that the definition of "small disadvantaged business" under regulations promulgated by the United States Small Business Administration (rather than the definition of "disadvantaged business enterprise" under state law) applies for purposes of the capital access program.

Effective: July 1, 2009.

Kruse

January 7, 2009, read first time and referred to Committee on Insurance and Financial Institutions.

Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 265

A BILL FOR AN ACT to amend the Indiana Code concerning economic development.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-28-29-9, AS ADDED BY P.L.162-2007, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. As used in this chapter, "lender" means a ~~financial institution (as defined in IC 5-13-4-10) that has entered into an agreement with~~ **lender that is approved by** the corporation ~~to participate in the program.~~ **as responsible and able to service a loan properly.**

SECTION 2. IC 5-28-29-25, AS ADDED BY P.L.162-2007, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 25. The lender shall determine the premium charges payable to the reserve fund by the lender and the borrower in connection with a loan filed for enrollment. The premium paid by the borrower may not be less than one and one-half percent (1.5%) or greater than three and one-half percent (3.5%) of the amount of the loan. The premium paid by the lender must be equal to the amount of the premium paid by the borrower. The lender may recover the cost of the lender's premium payment from the borrower in any manner on which the lender and borrower agree. When enrolling a loan, the corporation must transfer into the reserve fund from the account premium amounts determined as follows:

(1) If the amount of a loan, plus the amount of loans previously enrolled by the lender, is less than two million dollars ($2,000,000), the premium amount transferred must be equal to one hundred fifty percent (150%) of the combined premiums paid into the reserve fund by the borrower and the lender for each enrolled loan.

(2) If, before the enrollment of the loan, the amount of loans previously enrolled by the lender is equal to or greater than two million dollars ($2,000,000), the premium amount transferred must be equal to the combined premiums paid into the reserve fund by the borrower and the lender for each enrolled loan.

(3) If the total amount of all loans previously enrolled by the lender is less than two million dollars ($2,000,000), but the enrollment of a loan will cause the total amount of all enrolled loans made by the lender to exceed two million dollars ($2,000,000), the corporation shall transfer into the reserve fund an amount equal to a percentage of the combined premiums paid into the reserve fund by the lender and the borrower. The percentage is determined as follows:

STEP ONE: Multiply by one hundred fifty (150) that part of the loan that when added to the total amount of all loans previously enrolled by the lender totals two million dollars ($2,000,000).

STEP TWO: Multiply the remaining balance of the loan by one hundred (100).

STEP THREE: Add the STEP ONE product to the STEP TWO product.

STEP FOUR: Divide the STEP THREE sum by the total amount of the loan.

The corporation may transfer two (2) times the amount determined under this section to the reserve fund if the borrower is a **small** disadvantaged business ~~enterprise (as defined in IC 5-16-6.5-1).~~ **under regulations promulgated by the United States Small Business Administration.** The corporation may transfer three (3) times the amount determined under this section to the reserve fund if the borrower is a high growth company with high skilled jobs (as defined in IC 5-28-30-4). The corporation may transfer to the reserve fund three (3) times the amount determined under this section if the borrower is a child care facility. Unless money is paid out of the reserve fund according to the specific terms of this chapter, all money paid into the reserve account by the lender must remain in that account.